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COMPILED FINANCIAL STATEMENTS  
TOWN OF ECRU, MISSISSIPPI  
September 30, 2003

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MEMBER OF  
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MEMBER OF  
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Honorable Mayor and Board  
Of Aldermen  
Town of Ecu  
Ecu, Mississippi

The accompanying Combined Statement of Cash Receipts and Disbursements-All Funds, Schedule of Long Term Debt, and Schedule of Surety Bonds for Town Officials of the Town of Ecu, Mississippi, for the year ended September 30, 2003 were compiled by me in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation was limited to presenting in the form prescribed by the Office of the State Auditor information that is the representation of Town officials. I have not audited or reviewed the financial statements referred above and, accordingly, do not express and opinion or any other form of assurance on them.

These statements are presented in accordance with the requirements of the Office of the State Auditor, which differs from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

John M. Lauderdale  
Certified Public Accountant

January 10, 2005

See accountant's compilation report.

TOWN OF ECRU MISSISSIPPI  
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS  
For the fiscal year ended September 30, 2003

GOVERNMENTAL FUNDS

	GENERAL FUND	PROPRIETARY FUND	TOTALS Memorandum Only-2003
<b>Revenue Receipts:</b>			
General Property Taxes	\$82,520		\$82,520
In Lieu of Taxes	24,314		24,314
License and Permits	4,469		4,469
Franchise Tax	7,540		7,540
<b>Intergovernmental Revenue:</b>			
<b>Federal Shared Revenue:</b>			
CDBG Grant		29,044	29,044
COPS Grant	28,125		28,125
<b>State Shared Revenues:</b>			
Sales Tax	81,926		81,926
Gasoline Tax	2,337		2,337
General Municipal Aid	494		494
Fire Insurance Premium Tax Distribution	4,280		4,280
Law Enforcement Assistance Grant	3,000		3,000
Emergency Management Grant	25,000		25,000
<b>Charges for Services:</b>			
Sanitation	30,338		30,338
Water and Sewer		272,183	272,183
<b>Other Revenue Receipts:</b>			
Rents	2,750		2,750
Fines	32,499		32,499
Miscellaneous	290		290
Interest Income	5,516	1,520	7,036
Cemetery Lots & Donations	3,910		3,910
General Donations	6,673		6,673
Miscellaneous Police Revenues	408		408
Park Revenues & Donations	5,852		5,852
<b>Total Revenue Receipts</b>	<b>352,241</b>	<b>302,747</b>	<b>654,988</b>
<b>Other Receipts:</b>			
Loan Proceeds	10,000		10,000
Void Old outstanding checks	2,708		2,708
Withheld Employee Taxes	5,045		5,045
Transfers		31,448	31,448
<b>Total Other Receipts</b>	<b>17,753</b>	<b>31,448</b>	<b>49,201</b>
<b>Total Receipts</b>	<b>369,994</b>	<b>334,195</b>	
Cash Balance-Beginning of Year	257,660	122,541	380,201
<b>Total Amount to Account For</b>	<b>\$627,654</b>	<b>\$456,736</b>	<b>\$1,084,390</b>

See accountant's compilation report.

TOWN OF ECRU MISSISSIPPI  
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-ALL FUNDS, Continued  
 For the fiscal year ended September 30, 2003

GOVERNMENTAL FUNDS

	GENERAL FUND	PROPRIETARY FUND	TOTALS Memorandum Only-2003
<b>Operating Disbursements:</b>			
General Government	\$181,001		\$181,001
Public Safety:			
Police	106,713		106,713
Fire	7,179		7,179
Maintenance of Public Property	46,995		46,995
Recreation	41,747		41,747
Sanitation	22,567		22,567
Water & Sewer		171,843	171,843
Interest		36,297	36,297
<b>Total Operating Disbursements</b>	<b>406,202</b>	<b>208,140</b>	<b>614,342</b>
<b>Other Disbursements:</b>			
Capital Outlay		71,902	71,902
Debt Retired		37,390	37,390
Transfers	31,448		31,448
<b>Total Other Disbursements</b>	<b>31,448</b>	<b>109,292</b>	<b>140,740</b>
<b>Total Disbursements</b>	<b>437,650</b>	<b>317,432</b>	<b>755,082</b>
Cash Balance-End of Year	190,004	139,304	329,308
<b>Total Amount Accounted For</b>	<b>\$627,654</b>	<b>\$456,736</b>	<b>\$1,084,390</b>

See accountant's compilation report.

TOWN OF ECRU, MISSISSIPPI  
SCHEDULE OF LONG TERM DEBT  
September 30, 2003

Definition & Purpose	Balance Outstanding October 1, 2002	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding September 30, 2003
<hr/>				
General Fund				
Notes Payable - Bancorpsouth	20,345	10,000.00	6,803.00	23,542
Water & Sewer:				
Note Payable FMHA	346,235		8,542	337,693
Note Payable GECC	33,246		2,481	30,765
Note Payable GECC	195,306		9,013	186,293
	<hr/>			
<b>Totals</b>	<b>\$595,132</b>	<b>\$10,000</b>	<b>\$26,839</b>	<b>\$578,293</b>
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See accountant's compilation report.

TOWN OF ECRU, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
September 30, 2003

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tom Todd	Mayor	Western Surety Co.	\$10,000
Melissa Britt	Town Clerk	Western Surety Co.	\$50,000
Brad Hamlin	Marshall	Western Surety Co.	\$25,000

See accountant's compilation report.



AUDITOR'S SPECIAL REPORT  
ON AGREED UPON PROCEDURES  
Town of Ecu, Mississippi  
September 30, 2003

Board of Aldermen  
Town of Ecu, Mississippi

I have applied certain agreed-upon procedures, as described below, to the accounting records of the Town of Ecu, Mississippi, as of September 30, 2003, and for the year then ended, as required by the Office of the State Auditor, under provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Ecu, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. My procedures and findings are as follows:

1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Bank of Mississippi	General	\$ 190,004
Bank of Mississippi	Water & Sewer	\$ 139,304

2. I confirmed all investments as of the fiscal year end. They were in the form of Certificates of Deposit that are included in the amounts above. The Water & Sewer Fund has certificates in the amount of \$49,741. All investment transactions were examined for compliance with investments authorized by section 21-33-323 of the Mississippi Code of 1972.
3. I performed the following procedures with respect of taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - a. Traced Levies to governing body minutes.
  - b. I confirmed with the Pontotoc County Tax Assessor/Collector the amounts collected on behalf of the Town and remitted to them. I traced these into the general ledger without exception.
  - c. Determined that uncollected taxes were properly handled, including tax sales. These functions are performed by the County under contract.
  - d. Traced distribution of taxes collected to proper funds without exception.
  - e. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Amounts collected by Pontotoc County Tax Assessor/Collector and remitted to Town at 24.2mills:

Real Property tax	\$43,012
Personal Property Tax	12,931
Auto Tax	22,083
Mobile Home Tax	<u>519</u>
Total Collections	\$ 78,545
Less: Tax Collector's Commission	3,941
Plus: Prior Years Collections	295
Plus: Homestead Exemption Reimbursement	<u>7,621</u>
Total to Account for	<b>\$82,520</b>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, all funds were deposited into the General Fund.

Collections of Taxes	\$74,899
Homestead Exemption Reimbursement	<u>7,621</u>
Total Accounted for	<b>\$82,520</b>

The Town was in compliance with the increase limitations as follows:

Actual Collections		Actual Collections	
Base Year 2001	\$101,398	2002	\$ 78,545
10% Increase	10,140	Homestead Exemption Reimbursement	7,621
Under Limitation	<u>          </u>		<u>25,372</u>
<b>Total</b>	<b>\$111,538</b>		<b>\$111,538</b>

4. I obtained a statement of amounts paid by the Department of Finance & Administration to the municipality. Payments indicated were traced to deposit in the general ledger in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General Fund	\$ 81,926
Homestead Reimbursement	General Fund	7,621
Fire Protection Allocation	General Fund	4,280
General Municipal Aid	General Fund	494
Gasoline Tax	General Fund	2,337
TVA – In Lieu of Tax	General Fund	13,478
Other Aid	Water & Sewer Fund	29,044
Other Aid	General Fund	3,000

5. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	64
Total dollar value of sample	\$ 166,430

I found that the municipality's purchasing procedures were in noncompliance in several instances. In seven of the items samples, totaling \$10,787, expenditures were not properly authorized in the minutes. In two instances the purchase was for over \$3,500 and no quotes were documented in the minutes and on one occasion the project was over \$15,000 and no bids were taken. Later discussion identified this as a single source item, but this was not disclosed in the minutes. I discussed these problems with the Mayor and Clerk and advised how to correct these omissions in the future.

6. I have read the municipal compliance questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements, however, as mentioned in paragraph 5, there were problems in purchase compliance.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in Paragraphs 1,2, and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Ecu, Mississippi for the year ended September 30, 2003.

John M. Lauderdale  
Certified Public Accountant

January 10, 2005